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Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 DOE-11 H-01 INR-10 INT-05
L-03 NSAE-00 NSC-05 OMB-01 PM-05 USIA-06 OES-07
SP-02 SS-15 STR-07 TRSE-00 ACDA-12 PA-01 HA-05
XMB-02 /129 W
----------089608 180953Z /21
R 171855Z FEB 78
FM AMEMBASSY SAN SALVADOR
TO SECSTATE WASHDC 7086

C O N F I D E N T I A L SECTION 1 OF 2 SAN SALVADOR 0838

FOR DEPUTY ASSISTANT SECRETARY ARELLANO

E.O. 11652: GDS
TAGS: ECON ES
SUBJ: COMMENT ON PRM-8 FOLLOW-UP FOR LATIN AMERICA

1. WE APPRECIATE OPPORTUNITY COMMENT ON ARA/ECP PAPER OF JANUARY 12 ON PRM-8 FOLLOW-UP FOR LATIN AMERICA. ITS DELAY IN REACHING US NECESSITATES TELEGRAPHIC TRANSMISSION OF THIS COMMENT IF IT IS TO REACH YOU BY YOUR STIPULATED MID-FEBRUARY DEADLINE.

2. FAR A VARIETY OF REASONS, GOES' COMMITMENT TO G-77 POSITIONS IS AT BEST TENUOUS. FIRST, GOES HAS FEW TRAINED PERSONNEL TO SPARE FOR PARTICIPATION IN MULTILATERAL DISCUSSIONS OF ISSUES WHICH DO NOT DIRECTLY AND IMMEDIATELY CONCERN EL SALVADOR. THIS FACTOR, PLUS GOES' TRADITIONAL CONSERVATIVE CAST, HAS MEANT THAT ITS PARTICIPATION IN G-77 COUNCILS HAS BEEN MINIMAL. IN 1975 AND 1976, WHEN GOES WAS PUSHING CANDIDACY OF FRANCISCO AQUINO FOR POSITION OF SECRETARY GENERAL OF FAO, GOES PARTICIPATED IN G-77 MEETINGS AS AN OBSERVER, IN ORDER TO PUSH THIS CONFIDENTIAL

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CANDIDACY. THIS IS ONLY DIRECT PARTICIPATION OF WHICH WE ARE AWARE ON ITS PART.

3. BECAUSE OF SCARCITY OF MANPOWER TO ANALYZE AND FORMULATE POSITIONS IN INTERNATIONAL FORA, GOES HAS RELIED TO SOME EXTENT ON EXPERTISE AVAILABLE FROM INTERNATIONAL BODIES SUCH AS SIECA (SECRETARIAT FOR

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CENTRAL AMERICAN ECONOMIC INTEGRATION) AND UNCTAD.
SINCE, WHEREEVER POSSIBLE, GOES PREFERS TO COORDINATE
POSITIONS ON INTERNATIONAL ECONOMIC ISSUES WITH OTHER
CENTRAL AMERICAN COUNTRIES, FIECA HAS BEEN PARTICULARLY
INFLUENTIAL. THUS, SIECA HAS BEEN A MAJOR INFLUENCE
ON FORMULATING CENTRAL AMERICAN, AND THEREFORE SALVADORAN,
POSITIONS IN THE MTN IN GENEVA. DIRECT SALVADORAN
REPRESENTATION IN GENEVA HAS BEEN LOW LEVEL OR NON-EXISTENT.
IN OUR VIEW, THE INFLUENCE EXERCISED BY THESE TWO ORGANIZA-
TIONS, PARTICULARLY UNCTAD, IS NOT IN THE US INTEREST.
GIVEN SALVADORAN URGE TO COORDINATE POLICIES AT THE CENTRAL
AMERICAN LEVEL, WE SUGGEST THAT CONSIDERATION MIGHT BE
GIVEN TO WAYS OF BRINGING MORE US INFLUENCE TO BEAR AT
THAT LEVEL, RATHER THAN BILATERALLY. POSSIBILITIES
MIGHT BE TO STEP UP OUR DEALINGS ONTHESE ISSUES WITH
SIECA OFFICIALS IN GUATEMALA, POSSIBLY AS A RESIDUAL
FUNCTION OF ROCAP, OR OF TIMING OUR FEW BILATERAL
INITIATIVES TO CENTRAL AMERICA TO COINCIDE WITH ONE
OF THE RELATIVELY FREQUENT CONCLAVES OF HIGH-LEVEL
CENTRAL AMERICAN ECONOMIC OFFICIALS.

4. THE GOES IS DEFINITELY NOT OUT TO UPSET THE EXISTING
WORLD ECONOMIC ORDER. RATHER, IT WOULD PREFER A PRIVILEGED
ECONOMIC RELATIONSHIP WITH THE US IN RETURN FOR WHICH IT
WOULD BECOME A LOYAL INTERNATIONAL FOOT-SOLDIER FOR US
POSITIONS. SALVADORAN OFFICIALS HAVE GONE SO FAR AS TO
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RAISE THE POSSIBILITY OF SUCH A "CLIENT STATE" RELATIONSHIP
TO US OFFICIALS. WHILE OBVIOUSLY, IT IS NOT NOW IN THE
US INTEREST TO ACCEPT SUCH A RELATIONSHIP WITH EL SALVADOR,
THIS INDICATES THE REALISM WITH WHICH THE GOES VIEWS
ITS SITUATION OF DEPENDENCE. SALVADORAN OFFICIALS ARE THUS
UNLIKELY TO SUCCUMB TO THE CHARM OF "ROMANTIC THIRD-WORLDISM"
OF THE TYPE REPRESENTED BY ECHEVERRIA, ALLENDE OR VELASCO.

5. FOLLOWING ISSUES WILL BE IMPORTANT TO THE GOES OVER
THE NEXT YEAR:

-- HUMAN RIGHTS

-- SPECIFIC TRADE ISSUES, PARTICULARLY COMMODITY ISSUES
(COFFEE, SUGAR AND COTTON), TEXTILES AND GSP
-- CONTINUED ACCESS TO CONCESSIONAL DEVELOPMENT
FINANCING

6. THE HUMAN RIGHTS ISSUE DESERVES SOME COMMENT. GOES
HAS FELT CONSIDERABLE US PRESSURE AND FEELS ITSELF
UNFAIRLY SINGLED OUT AS A CONVENIENTLY WEAK USG WHIPPING
BOY ON THIS ISSUE. THE HUMAN RIGHTS QUESTION IS

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OBVIOUSLY ALSO THE MAJOR THREAT TO CONTINUED FLOW OF
CONCESSIONAL DEVELOPMENT ASSISTANCE. OVER THE LAST
YEAR, THE ROMERO GOVERNMENT HAS TAKEN A NUMBER OF
MEASURES, HOPEFULLY NOT ALL COSMETIC, TO ACCOMMODATE US
CONCERN WITH HUMAN RIGHTS. THE JURY IS STILL OUT ON
WHETHER OR HOW MUCH REAL IMPROVEMENT HAS TAKEN PLACE IN
EL SALVADOR. WE MUST KEEP UP THE PRESSURE FOR CONTINUED
IMPROVEMENT. ON THE OTHER HAND, HOWEVER, ACTIONS TO
REDUCE OR CUT OFF THE FLOW OF DEVELOPMENT ASSISTANCE TO
THIS SMALL AND POOR COUNTRY ON HUMAN RIGHTS GROUNDS SHOULD
BE CAREFULLY CONSIDERED. WE WOULD NOT WANT TO FALL INTO
THE ERROR OF USING EL SALVADOR AS A WHIPPING BOY AND, IN
DOING SO, TO RETARD THE DEVELOPMENT IT IS IN OUR INTEREST
TO PROMOTE.
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7. WITH REGARD TO POSSIBLE COURSES OF ACTION IN OTHER
AREAS, WE OFFER THE FOLLOWING:

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C O N F I D E N T I A L SECTION 2 OF 2 SAN SALVADOR 0838

FOR DEPUTY ASSISTANT SECRETARY ARELLANO

(A) CONSULTATIONS. THE CURRENT "CONSULTATION"
MECHANISM, PARTICULARLY THE SCCN, APPEARS TO LEAVE MUCH
TO BE DESIRED. THERE WOULD APPEAR TO BE LITTLE TO BE GAINED

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FROM IMPROVING SUCH A MECHANISM UNLESS THE CONSULTATIONS
HAVE A CHANCE OF AFFECTING POLICY DECISIONS. THERE IS
LITTLE TO BE GAINED FROM BEING "LOUD AND CLEAR ABOUT
OUR DETERMINATION NOT TO SUCCUMB TO PROTECTIONISM" IF
WE ARE NOT SO DETERMINED. WE STAND TO LOSE OUR CREDIBILITY.
(THERE IS LITTLE TO LOSE IN EL SALVADOR, HOWEVER,
SINCE EVERYONE EXPECTS THE US TO BE GUIDED BY ITS
SHORT-TERM INTERESTS IN ANY CASE. SALVADORANS HAVE
GOOD GROUNDS FOR BELIEVING THIS.)

(B) THERE IS LITTLE TO BE GAINED FROM BILATERAL
CONSULTATIONS WITH THE GOES ON "NORTH-SOUTH ISSUES."
WHAT SHOULD BE EXPLORED ARE MEANS OF COMMUNICATING
REGIONALLY, THROUGH SIECA OR THROUGH REGIONAL MEETINGS
OF HIGH-RANKING OFFICIALS. THIS SHOULD NOT BE DONE,
AS IT FREQUENTLY IS, BY SUMMONING THE CENTRAL AMERICANS,
USUALLY TO COSTA RICA, TO SIT AT THE FEET OF SOME
VISITING US DIGNITARY. RATHER, OUR EFFORTS SHOULD BE
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COORDINATED WITH CENTRAL AMERICAN CONSIDERATION OF THE
ISSUES AT HAND. THUS, A MEETING OF CENTRAL AMERICAN
MINISTERS OF ECONOMY TO CONSIDER MTN ISSUES OR THE
"COMMON FUND" MIGHT BECHFIT FROM THE PRESENCE OF WASHINGTON
OFFICIALS TO PRESENT THE US CASE. THIS WOULD PROVIDE SOME
COMPETITION FOR THE SIECA OR UNCTAD OFFICIALS WHO USUALLY
SET THE FRAMEWORK FOR DISCUSSION.

(C) ENERGY. WE WOULD POINT OUT THAT THERE IS A
SPECIAL OPPORTUNITY FOR THE US IN DEVELOPING REGULAR
COOPERATION WITH EL SALVADOR AND OTHER CENTRAL AMERICAN
COUNTRIES IN THE AREA OF GEOTHERMAL ENERGY. IN THE CASE
OF EL SALVADOR, THE US COULD BENEFIT IN TWO WAYS:

(1) BY BENEFITING FROM THE TECHNICAL EXPERIENCE GAINED
HERE IN ACTUALLY EXPLOITING GEOTHERMAL ENERGY

AND

(2) THROUGH SUPPORTING US FIRMS AGAINST FOREIGN,
PRINCIPALLY JAPANESE, COMPETITION. THIS IS AN AREA
WHICH DESERVES PRIORITY ATTENTION.

(D) REGIONAL COOPERATION. THOUGH WE ADVOCATE A
REGIONAL APPROACH ON "NORTH-SOUTH ISSUES," WE QUESTION
WHETHER IT IS IN THE US OR THE CENTRAL AMERICAN INTEREST
TO SUPPORT CONTINUED EFFORTS AT REGIONAL ECONOMIC INTEGRA-
TION, UNLESS THE BASIC ECONOMIC POLICIES OF SUCH REGIONAL
UNITS UNDERGO DRASTIC CHANGE. IN OUR VIEW, THE FORMATION
OF A PROTECTIONIST, DIRIGISTE CENTRAL AMERICAN COMMON

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MARKET HAS NOT BEEN BENEFICIAL TO EITHER THE US OR THE
CENTRAL AMERICANS THEMSELVES.

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(E) MIGRATION. GIVEN EL SALVADOR'S POPULATION PRESSURE
AND CONTRIBUTION TO THE FLOW OF ILLEGAL MIGRANTS TO THE
UNITED STATES, WE MIGHT USEFULLY GIVE THOUGHT TO SOME
CORRECTIVE ACTION THROUGH (A) ECONOMIC ASSISTANCE TO
PROVIDE MORE JOBS IN LABOR-INTENSIVE INDUSTRY, AND
(B) ASSISTANCE IN FINDING POPULATION OUTLETS TO OTHER
COUNTRIES.
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